

**MINUTES OF SPECIAL MEETING  
2007 SERIES A SINGLE FAMILY MORTGAGE BONDS  
January 18, 2007, 9:00 A.M.**

Notice having been given, the Montana Board of Housing held a special meeting on the sale and awarding of its 2007 Series A Single Family Mortgage Bonds. The meeting took place via teleconference to discuss the Bond Resolution, awarding of the bonds, final pricing, and the Purchase Contract. Present were:

Board members: Bob Thomas, Susan Moyer, Judy Glendenning, Audrey Black Eagle, J. P. Crowley, Jeff Rupp, and Betsy Scanlin

MBOH Staff: Bruce Brensdal, Nancy Leifer, Charles Brown, Chuck Nemec, Vicki Bauer, and Diana Hall

Legal Counsel: Pat Melby

Bond Counsel: John Wagner

UBS: Peter Nolden and Mina Choo

Orrick Herrington: Steve Spitz

Wells Fargo, Trustee: Sandra Shupe

Bob Thomas convened the meeting at 9:09 a.m. after a roll call was taken and a quorum was established.

Peter Nolden said the sale of bonds was very successful. There were some changes from the prices that were given to the Board on Tuesday. Overall, the sale went better than was mentioned on Tuesday and much better than was anticipated in December when they first looked at the transaction. This morning a good faith check was wired in the amount of \$860,150 to Wells Fargo, the trustee and they acknowledged receipt. There were two series of bonds. The A1 Pre-Ulman bonds which was an economic refunding and there are a couple of advantages as result of that refunding. These Pre-Ulman funds are not required to be lent only to first-time homebuyers, so Montana Board of Housing (MBOH) has been using them to fund setasides over the years. The recycling window in that issue was extended for eight years from the end of 2007 to 2015, so MBOH can recycle for eight more years with significant economic savings. The interest rate on the 1997 on the long end was 6.05% and the long end of the new refunding bond

was 4.65%. So that is a significant reduction in interest cost. With respect to the Series A2 bonds, the AMT bonds, there will be approximately \$50-51 million proceeds available to be lent with the interest rates on the bonds and the bonds structured at pretty much the maximum spread allowed under Federal tax law. 80% of the loans could be at a rate of 5.75% and 20% for the setaside programs could be at 5.25%. That is a reduction from the current lending rate at 6% and 5.5%. In addition, it will require MBOH to lend approximately \$1.5 million at 0%. That 1.5 million is in addition to approximately \$1.6 million from the 2006 series C bonds.

John Wagner said Board members received a copy of the Bond Resolution 07-0118-S1 and it is the standard form of Bond resolution used in the past. It contains the required statutory findings and authorized the issuance of the bonds in the amount of \$86,015,000 and generally approves the forms of the documents MBOH used in the past of the bond documents and the mortgage origination documents. Susan Moyer moved to approve the Bond Resolution of awarding the bonds and authorize the execution of the Purchase Contract. Judy Glendenning seconded the motion. The Chairman asked for any discussion or questions. The motion was approved unanimously by a roll call vote. Judy asked if the interest rate reduction was going out immediately to the lenders. Nancy responded that it will go out at 10 AM this morning. Jeff asked Peter if the refinancing of Pre-Ulman went from 6.05% to 4.65% and wanted to know the total package of refinancing. Jeff asked what dollar amount would be reflected on that kind of savings? Jeff requested this figure since it is was not known immediately.

Peter said the bond closing will be Wednesday, March 7<sup>th</sup> and funds will be available on that date. The closing will be in Washington DC in conjunction with the NCSHA conference. UBS has signed the Bond Purchase Contract and faxed it to Bruce, who signed it and faxed it back. Peter said Citibank and George K Baum participated as selling group members.

Bob Thomas said it has been a pleasure and privilege to work with all you people and he thanked them. They expressed a like sentiment.

The meeting adjourned at 9:22 a.m.

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Bob Thomas, Chairman

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Date

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Bruce Brensdal

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Date